

## Message Text

CONFIDENTIAL

PAGE 01 TOKYO 06050 260700Z  
ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 SS-15 NSC-05 EB-08  
TRSE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03  
NSAE-00 PA-01 PRS-01 SP-02 USIA-06 OMB-01 IGA-02  
COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /094 W  
-----260713Z 119978 /14

P R 260619Z APR 77  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC PRIORITY 7227  
INFO AMEMBASSY BONN  
AMEMBASSY BRUSSELS  
AMEMBASSY THE HAGUE  
AMEMBASSY LISBON  
AMEMBASSY LONDON  
AMEMBASSY OTTAWA  
USMISSION EC BRUSSELS

C O N F I D E N T I A L TOKYO 6050

E.O. 11652: GDS  
TAGS: EFIN, EAID, EEC, PO  
SUBJECO: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: A. TOKYO 5949 B. BONN 07004

1. SUMMARY: JAPANESE FINANCE MINISTRY WILL TRY TO BE FORTHCOMING  
IN RESPONSE TO REQUEST FOR ITS PARTICIPATION IN FINANCIAL  
ASSISTANCE PACKAGE FOR PORTUGAL BUT MAY HAVE DIFFICULTIES IN  
FINDING SOURCES OF FUNDS. JAPANESE WOULD APPRECIATE FURTHER  
INFORMATION TO ASSIST THEM IN FORMULATING THEIR COURSE OF ACTION.  
END SUMMARY.

2. E/C MINISTER AND FINATT CALLED ON MINISTRY OF FINANCE (MOF)  
DIRECTOR GENERAL FOR INTL FINANCE FUJIOKA APRIL 25 (FOLLOWING  
HIS RETURN FROM ASIAN DEVELOPMENT BANK MEETINGS IN MANILA) TO  
URGE JAPANESE SUPPORT FOR FINANCIAL ASSISTANCE PACKAGE FOR  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TOKYO 06050 260700Z

PORTUGAL AND PARTICIPATION IN MID-MAY MEETING THIS SUBJECT IN  
PARIS.

3. FUJIOKA BEGAN HIS COMMENT BY REFERRING TO EXPECTATION THAT  
OECD FINANCIAL SUPPORT FUND WOULD PROVIDE VEHICLE FOR PROVIDING  
FINANCIAL ASSISTANCE FOR PORTUGAL. WITHOUT THE FINANCIAL SUPPORT  
FUND, THE GOVT OF JAPAN DID NOT HAVE A GOOD INSTRUMENT FOR PRO-

VIDING SUCH ASSISTANCE. HE DID NOT BELIEVE IT WOULD BE POSSIBLE TO GO TO THE DIET FOR A BUDGET APPROPRIATION FOR ASSISTANCE TO PORTUGAL. THE BANK OF JAPAN WAS RESISTING FUNDING JAPANESE PARTICIPATION IN THE PORTUGUESE PACKAGE BECAUSE, UNLIKE SOME OTHER CENTRAL BANKS, SUCH AS THE BUNDESBANK, AID-TYPE OPERATIONS WERE NOT WITHIN ITS ACCEPTED RANGE OF OPERATIONS. PORTUGAL WAS NOT INCLUDED IN THE LIST OF COUNTRIES ELIGIBLE FOR ASSISTANCE FROM THE OVERSEAS ECONOMIC COOPERATION FUND. THIS LEFT THE JAPAN EX-IM BANK AS THE CANDIDATE FOR FUNDING FROM THE GOVT SECTOR. HOWEVER, BECAUSE CAPITAL GOODS EXPORTS TO PORTUGAL ELIGIBLE FOR EXIM FINANCING WERE LIMITED, SO WOULD BE THE AMOUNT OF FINANCING WHICH COULD BE ANTICIPATED FROM THIS SOURCE. THIS SUGGESTED THAT THE BALANCE WOULD HAVE TO BE SOUGHT FROM COMMERCIAL BANKS, WHO MIGHT NOT BE ENTHUSIASTIC AT THE PROSPECT OF LENDING TO PORTUGAL UNDER CURRENT CIRCUMSTANCES. NEVERTHELESS, FUJIOKA THOUGHT THAT THE APPROACH FOR JAPAN MIGHT BE TO TRY TO TAP BOTH THE EXIM AND THE COMMERCIAL BANKS.

4. FUJIOKA WAS UNWILLING TO COMMIT JAPAN ON THE SPOT TO PARTICIPATE IN THE PROPOSED MID-MAY MEETING IN PARIS. INSTEAD HE CONFINED HIMSELF TO ASKING A NUMBER OF QUESTIONS ABOUT THE PROPOSED MEETING, WHICH ARE SUMMARIZED IN THE FOLLOWING PARAGRAPH ALONG WITH OTHER QUESTIONS HE RAISED.

5. FOLLOWING ARE QUESTIONS TO WHICH FUJIOKA SOUGHT RESPONSES.

A. AS DID MIYAZAWA AT THE FOREIGN MINISTRY, FUJIOKA INQUIRED ABOUT WHETHER OR NOT THE GERMANS HAD COMMITTED THEMSELVES TO THE PRESENT PROPOSALS FOR ASSISTING PORTUGAL AND HE ALSO ASKED

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TOKYO 06050 260700Z

WHETHER PORTUGUESE FINANCIAL ASSISTANCE QUESTION WOULD BE RAISED AT THE SUMMIT.

B. WOULD A PACKAGE COMPOSED OF SOME JAPAN EXIMBANK LENDING PLUS COMMERCIAL BANK LENDING CONSTITUTE AN ACCEPTABLE CONTRIBUTION TO THE PORTUGUESE PACKAGE?

C. REGARDING THE MID-MAY MEETING, WHO SHOULD BE CONSIDERED AS THE SPONSOR OF THE MEETING? WOULD PORTUGAL BE PRESENT? WOULD THE MEETING TAKE THE FORM OF A PLEDGING SESSION, OR WHAT?

D. FUJIOKA ALSO INQUIRED CLOSELY ABOUT THE TERMS OF THE PROPOSED U.S. ASSISTANCE. WHAT WOULD THE PRESUMABLY MARKET-RELATED INTEREST RATE BE? WHAT WOULD BE THE MATURITY OF OUR LOANS, ETC.?

6. COMMENT: TENOR OF FUJIOKA'S REMARKS WAS THAT JAPAN WAS PREPARED TO TRY TO ARRANGE PARTICIPATION IN FINANCIAL ASSISTANCE PACKAGE FOR PORTUGAL. HE DID NOT REACT UNFAVORABLY TO \$50 MIL FIGURE PROPOSED, ALTHOUGH HE CLEARLY WAS NOT CONFIDENT THAT

COMMERCIAL BANK PORTION OF PACKAGE COULD BE PUT TOGETHER.  
HOWEVER, HE OBVIOUSLY WANTS TO BE REASONABLY SURE THAT PRESENT  
PROPOSAL IS GOING TO FLY BEFORE HE EXPENDS THE EFFORT TO PUT  
TOGETHER A JAPANESE CONTRIBUTION. NEEDLESS TO SAY, WE DID NOT  
MENTION TO HIM HERMES' REACTION REPORTED REFTEL B NOR DID HE ASK  
ABOUT SIZE OF PROSPECTIVE GERMAN CONTRIBUTION, WHICH IS ONE  
OTHER ASPECT JAPANESE WILL UNDOUBTEDLY ENQUIRE ABOUT SOON.

7. DEPARTMENT PLEASE REPEAT THIS MESSAGE AND REFTEL A TO OTHER  
POSTS AS DESIRED.  
SHOESMITH

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL CONTRIBUTIONS, FOREIGN ASSISTANCE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 26-Apr-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977TOKYO06050  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770144-0986  
**Format:** TEL  
**From:** TOKYO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770417/aaaaaocu.tel  
**Line Count:** 127  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 5068c19c-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 TOKYO 5949  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 10-Dec-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2686912  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECO: FINANCIAL ASSISTANCE FOR PORTUGAL  
**TAGS:** EFIN, EAID, PO, JA, EEC  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/5068c19c-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009